

**FIRST AMENDMENT
TO THE
ON-AIRPORT RENTAL CAR CONCESSION AND LEASE AGREEMENT
BETWEEN THE
CITY OF CORPUS CHRISTI
AND
THE HERTZ CORPORATION**

WHEREAS, the City of Corpus Christi (the "City") and The Hertz Corporation, a Delaware corporation, and its wholly owned subsidiary, Simply Wheelz LLC, a Delaware limited liability company, doing business as Advantage Rent-A-Car, a company operating under the laws of the State of Texas ("Concessionaire") previously executed an On-Airport Rental Car Concession and Lease Agreement dated November 1, 2009 ("Original Agreement");

WHEREAS, The Hertz Corporation sold Simply Wheelz LLC effective December 12, 2012;

WHEREAS, the City and The Hertz Corporation have executed an amended Original Agreement to reflect the City and The Hertz Corporation as the only parties to that amended Original Agreement;

WHEREAS, the parties to this Amendment are the City and The Hertz Corporation. Simply Wheelz LLC is not a party to this Amendment;

WHEREAS, the City is in the process of constructing a new consolidated service facility and fueling facility, referred to as the Quick Turn Around Facility ("QTA") to be used for fueling, cleaning, minor maintenance, staging, and storing of the rental car fleet;

WHEREAS, the parties hereto desire to amend the Original Agreement to incorporate the use of the new QTA;

NOW, THEREFORE, the parties agree as follows to amend the Original Agreement by adding new Article XXVIII ("Amendment") as follows:

**Article XXVIII
Quick Turnaround Facility**

A. **Definitions:** The following terms, when used in this Article XXVIII with the initial letter(s) capitalized, whether in the singular or the plural, shall have the following meaning. Capitalized terms not defined below shall have the meaning as set forth in the Original Agreement:

"Airport": Corpus Christi International Airport.

"Airport QTA Fund": Fund designated by the Airport for CFCs collected by Concessionaire and paid to the Airport.

"Amendment": This First Amendment to the On-Airport Rental Car Concession and Lease Agreement that adds a new Article XXVIII.

"Base Rent" or "Rent": An amount net of CFCs required to offset the QTA costs as identified in Sections C and D below.

"CFC" or "CFCs": The Customer Facility Charge, as determined from time to time by the City as related to the QTA and required to be collected by the Concessionaire and the Other Concessionaires for all transactions conducted at the Airport.

"City": The City of Corpus Christi, Texas.

"Common Use Area(s)": All facilities and land contained in the QTA that are available for use by Concessionaire and the Other Concessionaires for their common use as identified in Exhibit A and Exhibit C attached hereto.

"Concessionaire": Any individual or business entity that has an existing lease or concession agreement with the Airport for the purpose of renting vehicles to Customers who originate from Airport property, as stated in Corpus Christi City Ordinance No. 028575.

"Date of Beneficial Occupancy": Following issuance of a Certificate of Occupancy, the date upon which the tenant substantially occupies the premises and conducts the primary activities associated with the operation of the concession.

"Director" or "Airport Director": The Director of Aviation employed by the City or his or her designee.

"Exclusive Use Area(s)": All facilities available and leased only to Concessionaire and no other for Concessionaire's exclusive use as identified in Exhibit B attached hereto.

"Fuel System": Shall include all the fuel storage tank(s), product piping, vent piping, fuel dispensers, nozzles, hoses, Stage I and II vapor recovery equipment, if applicable, under dispenser containment sump, turbine sump, fill port, spill buckets, and all leak detection devices.

"Improvements": Buildings, landscaping and all other permanent improvements constructed or modified from time to time at the premises.

"Heavy Vehicle Maintenance": Any type of body work or work performed on the vehicle drivetrain, and anything beyond permissible minor maintenance.

"Land Rent": Land Rent shall be that amount set by the City as rent for the land occupied under this Amendment which will be based on an appraisal by a Registered Third Party Appraiser based on comparable facilities to be updated every five (5) years beginning in April, 2016.

"Market Share or Market Share Percentage": The amount, expressed as a percentage, equal to the quotient of (i) Concessionaire's on-Airport Gross Revenues as defined in Article IV, Section (i) of the Original Agreement during the immediately preceding twelve (12) months' period, divided by (ii) the sum of the on Airport Gross Revenues of Concessionaire and the Other Concessionaires during such twelve (12) months' period.

"Operations Manual": The manual that will be developed by the City and Concessionaires upon occupancy of the QTA that defines the daily operating procedures

for conducting operations at the QTA, the use of Common Use facilities, security and safety procedures that will be enacted, and conflict resolution processes. The Operations Manual is subject to amendment and change. The most current master version will be kept in the office of the Director.

"Ordinance": Corpus Christi Ordinance No. 028575, Amending the Code of Ordinances, Chapter 9, "Aviation," by Creating New Section 9-68, Entitled "Car Rental Customer Facility Charge," passed by the Corpus Christi City Council on April 20, 2010.

"Original Agreement": The previously executed On-Airport Rental Car Concession and Lease Agreement by and between the City and Concessionaire dated November 1, 2009.

"Other Concessionaires": All on-Airport rental car Concessionaires that are parties to an Original Agreement with the City, other than Concessionaire, and any Replacement Rental Car Company (as defined below).

"QTA" or "Property": Means the City-owned Quick Turn Around Facility Area as depicted on the attached Exhibit A, Exhibit B, and Exhibit C attached hereto.

"Replacement Rental Car Company": A rental car company who has executed an Original Agreement sublease or assignment agreement, approved in writing by the Director, to replace Concessionaire or an Other Concessionaire that defaulted under a lease with the City under terms similar to the Original Agreement:

"Tenant Improvements": Any improvements, furniture, trade fixtures or equipment construct or placed upon the Property by Concessionaire, Other Concessionaire, or Replacement Rental Car Company or the City.

"Vehicle Stacking Spaces": Those Common Use Areas as depicted on Exhibit A, also referred to herein as queuing lanes, for use in common by Concessionaire for parking its vehicles for use as rentals at the Airport in the QTA. The Spaces will be subject to adjustment as called for in this Amendment.

"Vehicle Storage Spaces": Those Common Use Areas as depicted on Exhibit A, for use in common by Concessionaire for storing its vehicles for use at the QTA. The spaces will be subject to adjustment as called for in this Amendment.

B. Additional Premises

The City does lease to Concessionaire, and Concessionaire does lease from the City, the additional property at the QTA as depicted on Exhibit A, Exhibit B, and Exhibit C, for Concessionaire's Exclusive Use and Common Use Areas. An Operations Manual will be on file in the Director's office and may be amended from time to time that will define the operating procedures that will be in place for use of the Additional Premises.

- 1) The Common Use Areas shown on Exhibit A and Exhibit C as allocated according to Section E below; shall include the following:
 - a. Lanes for queuing Concessionaire's rental car fleet at the QTA for:
 - i. Fueling

- ii. Cleaning of vehicles
 - iii. 12 fuel dispensing bays
 - iv. 3 car wash bays
- b. Employee parking spaces
 - c. In-fleeting and out-fleeting parking lanes
 - d. Short term vehicle storage
 - e. Fuel farm serving QTA
- 2) The Exclusive Use areas shown on Exhibit B include the following:
- a. Eight hundred fifty (850) square feet of office space for each Concessionaire's exclusive administrative office purposes;
 - b. Seven hundred seventy five (775) square feet for maintenance bay for each Concessionaire's exclusive use.

C. Base Rent:

- 1) Concessionaire shall have Exclusive Use and Common Use of the portions of the Property as depicted in attached Exhibits A, B, and C for Concessionaire's purposes and subject to reallocation as provided in Section E below.
- 2) Base Rent of the Exclusive Use and Common Use Areas as depicted in Exhibits A, B, and C attached shall be calculated on an annual basis. The Base Rent requirement shall be the sum of the following expenses, all of which are eligible:
- a. All costs of construction whether funded with cash or any borrowing instrument
 - b. Debt service coverage requirement
 - c. Land rent
 - d. Major maintenance costs
 - e. Repair and replacement account funding
 - f. City provided insurance related to the QTA
 - g. Utility costs associated with the QTA
 - h. Direct labor costs for maintenance and operation of the QTA
 - i. Operating and maintenance costs associated with operating the QTA
 - j. Administrative costs associated with the management of the QTA
 - k. All permits and licenses directly related to the QTA
 - l. Landscaping on land leased as part of the QTA
 - m. Bad debt from vendor or concessionaire related to the QTA
 - n. Other reasonable costs incurred by the City relating to operation of the QTA
 - o. A deficit of prior year(s)' CFC collections applied toward Base Rent

CFCs collected shall first be applied to offset the expenses in the priority identified above. The expenses listed above authorized by the Ordinance, incorporated herein by reference, apply only to Concessionaire's operations at the QTA and not to Concessionaire's operations at any other location at or outside of the Airport. In

the event the total CFCs collected are available to fully offset the expenses in any budget year, then no Base Rent will be due. If the total CFCs collected are not sufficient to offset the expenses as identified above, Base Rent will be established for any deficit in the total amount required.

Base Rent will be charged based on the following formula:

1. Fifty percent (50%) will be divided equally among the Concessionaires based on their share of Exclusive Use Area. Payment for the portion of Base Rent charged based on equal allocation among Concessionaires is due and payable on the first day of the month for which rent is due. Following the completion of the contract year and the final audit by the City, the City will recalculate the requirement for each Concessionaire against the actual Base Rent and CFCs received and if any shortfall payment is due the City, the City will invoice Concessionaire for any amounts due and payment shall be due and payable on the fifteenth (15th) of the month following invoicing. If the Base Rent payment, less CFCs, paid to the City during the year exceeds the amount due, the City will issue a credit to the Concessionaire for the amount due by the fifteenth (15th) of the month, subject to the process defined in Section 3 of Exhibit "D" to the Original Agreement.
2. Fifty percent (50%) will be based on Market Share of Concessionaires. Payment for the portion of The Base Rent based on Market Share that will be effective for that contract year will be projected at the beginning of the contract year based on Market Share and payment will be due and payable for this portion of the Base Rent on the first day of the month for which rent is due. Following the completion of the contract year and the final audit by the City, the City will recalculate the Market Share Base Rent requirement based on actual payments and CFCs collected and remitted. If any payment is due the City, the City will invoice Concessionaire for any amounts due and payment shall be due and payable on the fifteenth (15th) of the month following invoice. If the estimated Base Rent, less CFCs, payment paid exceeds the amount due, the City will issue a credit to the Concessionaire for the amount due on the fifteenth (15th) of the month, subject to the process defined in Section 3 of Exhibit "D" to the Original Agreement.

Notwithstanding the foregoing, to whatever extent possible, if the total CFCs collected are not sufficient to offset the Base Rent expenses set out above, such shortfall will be calculated at the end of the fiscal year and will be rolled over to the next fiscal year so that, to the extent possible and at the discretion of the Airport Director, Concessionaire will not be required to submit payment to the City for such shortfall but, instead, may overcome such shortfall with a future surplus of CFCs collected.

Repairs required as a result of direct damage by Concessionaire employees, agents, designees, or contractors, normal wear and tear excepted, will be charged back to the responsible Concessionaire.

A minimum of sixty (60) days prior to the commencement of occupancy and for all subsequent fiscal years, the City shall prepare an expense budget identifying the expenses in the same manner as identified above and a projection of the CFC

revenues anticipated to be collected and shall submit such expense budget to the Concessionaire for review and comment. Following consultation with Concessionaire, the City will establish the Base Rent that will be effective for that fiscal year and may adjust the amount of any CFC during the term of the Agreement to cover expenses and to avoid any contingent Base Rent.

The Ordinance states in pertinent part:

"Section 9-68.03: Customer Facility Charge

(B) The CFCs must be used to pay, or reimburse the Airport, for the costs associated with the design, acquisition, planning, development, construction, operation, maintenance, repair, equipment, and replacement of facilities and related improvements made use of in or connected to the business of renting cars at the Airport. Any or all of the CFCs collected may be pledged to the punctual payment of debt service on obligations (and any other pecuniary obligation) issued by or on behalf of the City for the benefit of the Airport for the cost of the car rental portion of facilities, parking lots, buildings, and other improvements, and to create and maintain reasonable operating and maintenance reserves as well as capital asset repair and replacement reserves. Eligible costs for the car rental facilities and related improvements include all costs, fees, and expenses associated with the design, acquisition, planning, development, construction, equipping, operation and maintenance, capital repair and replacement, and site improvement. Nothing herein shall be construed to make fees, costs, or expenses incurred in tenant improvements for space exclusively used by a Car Rental Company ineligible. "Equipping" for the purposes of this section is limited to providing necessary equipment within the common use areas and car maintenance bays of the car rental facilities. "Operation and maintenance" for the purposes of this section does not include fees, costs, or expenses incurred for or associated with consumables, such as paper supplies, oils and lubricants, or other products used in the business of the car rental facilities."

"Section 9-68.05: Collections.

(A) All CFCs collected by all Car Rental Companies are and shall be funds held by the Car Rental Companies in trust for the City for the benefit of the Airport and recognizing the third party beneficiary status of any holders of any debt obligations issued by the City for the benefit of the Airport. Car Rental Companies and their agents hold only a possessory interest in the CFCs and no equitable interest. All Car Rental Companies shall segregate, separately account for, and disclose all CFCs as trust funds in their financial statements and shall maintain adequate records that account for all CFCs charged and collected. Failure by a Car Rental Company to segregate the CFCs shall not alter or eliminate their trust fund nature. The Airport shall have the right to audit the CFC records of a Car Rental Company upon reasonable notice.

(B) All Car Rental Companies shall remit all CFC funds that were collected or should have been collected from its Airport car rental customers on a monthly basis to the Airport. The CFCs shall be remitted on the 20th day of the month following the month the CFCs were collected. Failure of a Car Rental

Company to strictly comply with this subparagraph shall be considered a material breach of the Car Rental Company's authorization to do business at the Airport."

"Section 9-68.06. Annual Rate Adjustments.

(A) Each April, the Airport Director shall recalculate the Customer Facility Charge to be effective June 5 of the same year to recover the amount equivalent to the remaining portion of the amount pledged by the City to the payment of debt service on obligations (or any pecuniary obligation related thereto) issued by or on behalf of the City for the benefit of the Airport. The Airport Director shall consider any written comments of the Car Rental Companies regarding the adjustment, but the Airport Director, with the concurrence of the Director of Financial Services, has the sole and final determination of the amount.

(B) Notwithstanding anything herein to the contrary, the Customer Facility Charge shall not be less than \$3.50 per Customer per Transaction Day."

Following the completion of the year-end audit, in the event that CFC collections exceed the projected Base Rent requirement plus any projected major maintenance or projected capital investment requirements, the City will reimburse Concessionaire from the Airport QTA Fund for any Base Rent, as detailed in Section C(2) herein, actually paid by Concessionaire in prior year(s), in the form of a check to be paid by the twentieth (20th) day of the following month, during the term of this Amendment, so that Concessionaire is made whole as to their costs that the Ordinance authorizes to be paid by CFCs.

D. Allocation and Reallocation of numbered queuing lanes as shown on Exhibit A:

- 1) Concessionaire numbered queuing lanes will be allocated on an annual basis effective August 1 of each year of the Agreement according to the respective Market Share Percentages for the previous twelve (12) month period. Allocation of rows will be made in full row allocation only. A single row will not be allocated to more than one Concessionaire. In order to achieve an additional row upon annual re-allocation, a Concessionaire must have a market share percentage that commands 60% or more of a full row.
- 2) The Airport Director, in consultation with Concessionaire, shall annually determine the allocation of each Concessionaire's numbered queuing lanes, based on the previous twelve (12) month period market share and in keeping with full row allocation as detailed in E(1) above. The Airport Director's determination shall be final and binding, provided, however, that if the Airport Director determines that a Concessionaire's allocation is to increase, that Concessionaire may decline the reallocation and maintain their existing allocation. If a Concessionaire declines an increased allocation, it will be at the discretion of the Director to reallocate to the other Concessionaires based on the other Concessionaires' requests, but under no circumstance will there be less than a 100% allocation of all available numbered queuing lanes. Concessionaire will be provided an updated Exhibit A each year of this Amendment that will show the annual allocation by Concessionaire.

E. Exhibits:

If the Property is reallocated by the City, the Exhibits to this Agreement that are affected by such reallocation shall be superseded by replacement Exhibits provided by the City.

F. Required and Permitted Uses:

- 1) The Property shall be used by Concessionaire only for the fueling, vehicle stacking, vehicle storing, washing, cleaning, detailing, and minor maintenance of Concessionaire's vehicle inventory used in connection with its Original Agreement at the Airport, and uses incidental and reasonably related thereto. Notwithstanding the foregoing requirement, Concessionaire may use the Property for the fueling and washing of Concessionaire's vehicle inventory not rented at the Airport facility only to the extent that such fueling and/or washing does not cause undue inconvenience or maintenance costs to the other Concessionaires or the Airport. Upon complaint by the Airport or a Concessionaire of such undue inconvenience or maintenance costs, the Airport Director has sole discretion to allow or disallow fueling and/or washing of Concessionaire's vehicle inventory not rented at the Airport facility. Examples of permissible minor maintenance include services such as oil changes, tire replacement, brake maintenance, windshield repair, and vehicle fluid replacement. Any other maintenance beyond this general description performed at the QTA is not permitted except as expressly authorized in this Agreement or in writing by the Airport Director. The Airport Director will have sole discretion to authorize maintenance other than what is identified in this Agreement and will take into consideration the impact of any such requests on the Concessionaire considering environmental liability, public perception, and overall airport operations. If the Airport Director authorizes maintenance other than what is identified in this Agreement for one Concessionaire, the Airport Director will authorize such maintenance in writing to all Concessionaires.
- 2) The Property shall not be used for any other purpose, and specifically shall not be used for Heavy Vehicle Maintenance, storage of any vehicles used in conjunction with any off-Airport rental car concession, storage of out-of-service and damaged vehicles for longer than twenty one (21) calendar days, and sales of new or used vehicles, or auctions or liquidation sales. The Airport Director, in his/her sole discretion, may allow occasional extended storage period for damaged vehicles, when the Airport Director agrees such extension is necessary due to extenuating circumstances identified by Concessionaire.
- 3) If any governmental license or permit, other than a certificate of occupancy, shall be required for the proper and lawful conduct of Concessionaire's business on the Airport, Concessionaire shall procure and maintain such license or permit, at its sole cost and expense, and shall submit the same, upon request, for inspection by the City. Concessionaire shall at all times comply with terms and conditions of each such license or permit. However, City shall be responsible to comply with all regulations, laws, and ordinances and shall obtain all necessary licenses and permits required to operate the QTA, including the fueling facility and wash bays, and City shall be responsible for compliance with all applicable regulations regarding reporting requirements for the QTA, including the fueling facility.

- 4) Compliance with Laws: Concessionaire shall not use or permit the Property, or any part thereof, to be used in whole or in part for any purpose other than as set forth above, nor for any use, operation or activity in violation of any present or future laws, ordinances, general rules or regulations at any time applicable thereto of any public or governmental authority. In the event that compliance reporting is required. Concessionaire agrees to make all reasonable efforts to cooperate with the City in providing any required information.

G. Fueling Facilities and Charges:

- 1) City agrees to purchase and have delivered to the Property the required fuel to be utilized by the Concessionaire for the purpose of conducting the concession operation. Concessionaire agrees to purchase and use only the fuel from the fueling station at the Property for all vehicles used as rental vehicles at the Airport. Failure to purchase fuel from the QTA shall be considered a material default under the terms of this Agreement; unless such fuel is unavailable from the City or if the City provides prior written consent.
- 2) The cost per gallon (U.S. Gallon) charged to Concessionaire will be based on the City's contract cost per gallon (including all applicable taxes, surcharges, delivery charges, fees and all discounts and volume rebates obtained by City) plus five cents (\$0.05) per gallon.
- 3) City shall make all good faith efforts to obtain an acceptable grade and quality of fuel at the lowest cost available and have an adequate fuel supply available at all times unless the availability of fuel is disrupted due to reasons beyond the reasonable control of the City.
- 4) City will provide Concessionaire fuel keys in sufficient quantity reasonable to allow Concessionaire to fuel its vehicles without disruption as determined by the Airport Director in consultation with the Concessionaire, which activate both the fuel pumps as well as the entrance and exit gates. City's fuel system will track fuel dispensed with a computerized fuel management system. Any shortages or variations of inventory not directly attributable to the actions of the City will be charged to Concessionaire based on Market Share if the shortage cannot be reconciled.
- 5) City will invoice Concessionaire monthly for the fuel dispensed at the QTA by Concessionaire into its vehicle inventory, subject to Section G (1) herein. The invoice shall list the total amount of the gallons of fuel pumped by the Concessionaire for the preceding month, applicable taxes and destination charges, the price per gallon, and the \$0.05 dispensing fee per gallon due to the City.
- 6) Concessionaire shall pay the invoice on or before the fifteenth (15th) day of the month following, the month for which fuel was provided, pursuant to Article IV(e) of the Original Agreement. Failure to pay invoices in a timely manner may result in City denying access to the fuel system (deactivating Concessionaire's fuel keys), in addition to other remedies provided for in the Original Agreement, until all amounts owed to City are paid in full, though not without notice and opportunity to cure pursuant to Article XIII g. of the Original Agreement. In the event that the Concessionaire desires to pay the invoice by credit card, any costs associated with processing the credit card payment will be added to the invoice and shall be remitted

to the City in addition to the payment due. Failure to make payment following notice as called for in the Original Agreement shall constitute a default under the terms of the Original Agreement and the City will have the rights associated with Article XIII of the Original Agreement.

- 7) A security deposit in the form of a bond, certified check, cashier's check, or other form acceptable to the City equal to two (2) months' average fuel pumped for the previous six (6) months or if six (6) months of data is not available, the two (2) months of the average of the available data will be required prior to the activation of Concessionaire's access to the fuel system. If Concessionaire does not provide a reasonable estimate for the purpose of establishing the security deposit requirement, the City will set the security deposit amount required at its sole discretion. City shall draw against such security deposit when Concessionaire does not remedy payment after notice and opportunity to cure set forth above in subsection (6). Concessionaire will be required to restore the security deposit balance to the required amount within five (5) working days of written notice of draw down.
- 8) City agrees to provide regular grade unleaded fuel to the Property on a timely basis.
- 9) Concessionaire agrees to use the fueling system and all associated apparatus in accordance with all safety instructions and shall immediately notify Airport personnel in writing, as outlined in the Operations Manual, of any safety or hazardous conditions that may exist. City or its contractor shall provide safety training regarding the fueling facility to Concessionaire prior to date of occupancy of the QTA by Concessionaire. Concessionaire is responsible for and agrees to hold City harmless for Concessionaire's misuse or negligent use or operation of the fueling system and any damages or injuries incurred as a result of such misuse or negligent use.

H. Maintenance, Utilities, Security, and Custodial Services for QTA Property

- 1) Maintenance of Property-Except where maintenance required exceeds that associated with normal wear and tear and is a result of the negligence of Concessionaire, its employees, agents, contractors and invitees, City agrees that during the term of this Agreement it shall keep, maintain and repair the Property, including Concessionaire's Tenant Improvements in its Exclusive Use Area and the cost for performing such services shall be included in the Base Rent as outlined in this Amendment. Concessionaire hereby expressly agrees at all times during the term of this Agreement to make all reasonable efforts to cooperate with City in keeping the Property in a clean, maintained, and in a sanitary condition.

City agrees to perform all required maintenance of City's Fuel System. City shall also ensure that monthly leak detection is fully operational and in compliance with all local, state, and federal laws, regulations, and ordinances governing the operation of such Fuel System.

Concessionaire shall have no responsibility to remove or permanently close the fuel storage tanks installed by the City. Concessionaire shall have no responsibility for City's maintenance, City's leak detection, or City's operation of the City's Fuel System. Concessionaire shall not be liable to the City or any regulatory agency or agencies having jurisdiction over the operation of City's Fuel System for the violation of any local, state, and federal laws governing the operation of such

Fuel System notwithstanding Concessionaire's responsibility as stated in Section H (11) herein. Concessionaire shall not be responsible for the release and clean-up of any Hazardous Substance as defined herein from the Fuel System, except when caused by acts or omissions of Concessionaire. Concessionaire shall not be deemed to be the operator of City's Fuel System, as the term "operator" is defined in any local, state, or federal laws governing the operation of the Fuel System.

- 2) Utilities - City shall provide standard heat, electricity, and air conditioning in the Exclusive and Common Use Areas on the QTA Property. Payment for these services shall be paid by Concessionaire as part of the Base Rent. In cases where the City furnishes and delivers natural gas, electricity or water/sewer to the Property, the City does not guarantee the continuity or sufficiency of such supply, but the City will make reasonable efforts within the City's control to ensure such delivery. The City will not be liable for interruptions or shortages or insufficiency of supply or any loss or damage of any kind or character occasioned thereby if the same is caused by accident, act of God, fire, strikes, riots, war, inability to secure a sufficient supply from the utility company furnishing the City, or any other cause. Whenever the City shall find it necessary for the purpose of making repairs or improvements to any utility supply system it shall maintain, following consultation with Concessionaire, it shall have the right to suspend temporarily the delivery of natural gas, electricity or water. However, City agrees to make reasonable efforts to cause minimal disruption when possible.
- 3) Information Technology and Telephone Services: Concessionaire shall be responsible, at its sole cost, for providing all telephone and data services for its use and for obtaining any necessary permits. Systems installed by one Concessionaire shall not adversely affect other Concessionaires, tenants, or City.
- 4) Security of Property - City shall coordinate and enforce secured access to the Property for Concessionaire. Concessionaire shall abide by all security directives of the City.

J. Customer Facility Charge ("CFC"):

Concessionaire is required to collect and remit to the City within twenty (20) calendar days following the end of the month in which the fee is collected, the total CFCs on all vehicle rental transactions originating at the Airport. City hereby agrees that during the term of this Agreement, CFC revenues collected by Concessionaire and remitted to City shall be used to offset Concessionaire's equal allocation of Base Rent and Market Share Base Rent as called for in this Amendment. If for any reason the CFC's collected, or any portion thereof, are insufficient to cover anticipated expenses identified in this Amendment, then any deficiency in the amounts otherwise owed by Concessionaire to City under this Amendment shall be paid to City by Concessionaire as part of Base Rent as calculated in accordance with this Amendment during the applicable contract year. The City may adjust the amount of the CFC during the Term of this Amendment following consultation with the Concessionaire.

K. Delinquency Charge:

Concessionaire agrees that in the event payments to the City for any fees and charges are not received by the City on or before the respective due dates, as set forth in this

Amendment, Concessionaire shall pay to the City a delinquency charge of one and one half percent (1-1/2%) of the amount due to City, for each month, calculated daily, that the amount due remains unpaid. However, the City agrees to provide written notice of such delinquency prior to assessing such charge for a first occurrence. Payments due the City shall be received by the City only on normal business days, Monday through Friday, and shall not be considered late if the date due falls on a weekend or legal City holiday provided payment is received on the next business day. A yearly schedule of City holidays shall be provided to Concessionaire upon request. Payment by Concessionaire and acceptance by City of a delinquent charge shall not be construed as a waiver or forfeiture of any other rights or remedies of the City contained elsewhere in this Agreement, or as provided by law. For the purposes of this section, the date payments are received by City shall be the U. S. Postal Service cancellation date on the envelope transmitting the payment, or the date such payment is received by an authorized representative of the City if the payment is hand delivered. In the event of a dispute as to the amount to be paid, the City may accept without prejudice the sum tendered and, if a deficiency is determined, the foregoing delinquency charge shall apply only to such deficiency. The City may waive, for good cause, in its sole discretion, any delinquency charge upon written application of Concessionaire.

L. Insurance:

With regards to the QTA and any other property described in this Amendment, Concessionaire agrees to obtain and maintain all insurances as described in Exhibit "E" to the Original Agreement and shall name the City as additional insured as its interests appear hereunder for liabilities arising out of the conduct of Concessionaire, its officers, employees or agents for the Commercial General Liability and Business Auto Liability Insurance, with a waiver of subrogation in favor of the City for worker's compensation. Concessionaire shall be responsible to obtain all property insurance to insure Concessionaire's own property.

However, the "Environmental Impairment Liability" description in Exhibit E is modified to read as follows:

Environmental Impairment Liability to include Broad Form Pollution Liability Coverage Third Party Clean Up	\$1,000,000 per claim
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Concessionaire's Environmental Impairment policy coverage applies only to claims, damages, suits, judgments that are due to the negligence or wrongful acts of concessionaire, its officers, employees or agents. Concessionaire's Environmental Impairment policy coverage does not apply to any claims, damages, suits, judgments, clean up that are due to the acts of the City or any third-party contracted by the City to operate the QTA.

City shall obtain the following insurance coverage to cover the City's exposures for the QTA: Property insurance for City owned facilities; and Storage Tank Liability to cover only City's liability exposures.

M. Condition of the Property:

Except as may be expressly provided elsewhere in this Agreement, the taking of possession of the Property by Concessionaire shall in itself constitute acknowledgment that the City shall not be obligated to make any Tenant improvements or modifications thereto. Concessionaire shall not be liable for any pre-existing conditions, latent defects, or damage not caused by Concessionaire. Concessionaire shall have no liability arising out of or in any way relating to the existence of any hazardous materials placed on, in or under the Property by any person or entity other than Concessionaire or any person or entity acting for, by or through Concessionaire or with Concessionaire's permission or acquiescence

N. Reserved Easements:

The City reserves to itself and the right to grant to others in the future nonexclusive utility easements (including easements for construction, maintenance, repair, replacement and reconstruction) over, under, through, across, or on the Property in locations that will not unreasonably interfere with Concessionaire's use thereof. The City retains all mineral rights on the Airport property.

O. Obligations of the City:

The City agrees that use of the Property shall be limited to rental car companies with an On-Airport Rental Car Concession and Lease Agreement executed with the City. City reserves the right to retain third parties to operate, repair and maintain the Property, including without limitation, to operate and maintain the fueling system.

P. Default:

Either party may terminate the use of the QTA for other party's noncompliance of any terms of the Original Agreement or for noncompliance with terms of this Amendment, upon failure to cure after issuance of a thirty (30) days written notice. If this Amendment is terminated for Concessionaire's noncompliance with the terms of this Amendment or for Concessionaire's noncompliance with the terms of the Original Agreement and this Amendment, then the Concessionaire shall be liable to City for payment of remaining equal rent payments for the remainder of the Original Agreement term. City shall invoice and Concessionaire shall remit payment within thirty days for such remaining rental payments. In the event City subleases the Exclusive Use Areas to another concessionaire as a result of any Default termination, City will apply any rent received against the rent obligations of Concessionaire, but in no circumstances, will the amount applied exceed the total rent obligation.

Q. Effective Date and Term:

1) The Effective Date of this Amendment is _____, 20____, subject to final City Council approval. Notwithstanding that, Concessionaire may occupy the Property on the date the Certificate of Occupancy is issued by the City Building Official for the Property or upon the Date of Beneficial Occupancy, whichever occurs first. As part of the transition plan, (described in Article IV (q) of the Original Agreement), from the existing Service and Maintenance Facilities ("Facilities") to the QTA, if Concessionaire occupies the QTA before the Effective

Date, Concessionaire shall continue to pay rents for the existing Facilities under the Original Agreement through the close of business the day before the Effective date. Beginning on the Effective Date, rent and fees shall be paid pursuant to the QTA-based annual budget. As of the close of business the day before the Effective Date, rents for the existing Facilities shall cease. However, notwithstanding the foregoing, Concessionaire shall continue to pay full rent for the existing Facilities until said existing Facilities are completely vacated by Concessionaire. Upon the Effective Date of this Amendment, the Term of the Original Agreement shall be extended for a new base period such that the Term of the Original Agreement and this Amendment are identical and such Term shall be extended for a new base period of five (5) years commencing on the Effective Date and ending on the last day of the fifth (5th) full fiscal year thereafter ("Base Term"). Upon the Effective Date of this Amendment the use of "Term" and "Base Term" shall apply to the Original Agreement and this Amendment.

- 2) **Renewal Option:** Upon the expiration of the Base Term, and upon the mutual agreement of the City Manager or his designee and Concessionaires not considered to be in default under the terms of the Amendment or the Original Agreement, Concessionaire will have two (2) separate, successive options (each a "Renewal Option") to extend the term for additional periods of five (5) years (each a "Renewal Term"). The first Renewal Term will commence upon the expiration of the Base Term. Each successive Renewal Term will commence upon the expiration of the previously exercised Renewal Term. The first Renewal Option, upon the mutual agreement of the City Manager or his designee and the numeric majority of all Concessionaires not considered to be in default under the terms of the Amendment or the Original Agreement, may be exercised by written notice from Concessionaire to the City Manager or his designee not later than six (6) months prior to the expiration of the Base Term. Subsequent Renewal Options may be exercised by written notice from Concessionaire to the City Manager or his designee not later than six (6) months prior to the expiration of the previously exercised Renewal Term. Each Renewal Term will be upon the same terms and conditions as during the Base Term, except as otherwise provided.
- 3) **Termination:** Concessionaire may terminate the Original Agreement and this Amendment upon the expiration of the initial Base Term or any Renewal Term with no further obligations other than what is contained in the Original Agreement and this Amendment.
- 4) Upon the Effective Date, the Minimum Annual Guarantee ("MAG") payments will be recalculated to eighty-five percent(85%) of ten percent(10%) of the average of the most immediate prior twelve (12) months of Gross Revenues as such term is defined in the Original Agreement. At the commencement of each exercised Option period, the MAG for any exercised option periods shall also be recalculated at eighty-five percent (85%) of ten percent (10%) of the average of the most immediate prior twelve (12) months Gross Revenues at the commencement of each option period. In the event that extraordinary conditions arise that will significantly impact the operations of Concessionaire, at the discretion of the Airport Director, the City agrees to consult with Concessionaire on the potential for adjustment of the MAG. Concessionaire agrees to comply with any request to provide adequate background information detailing the basis for the request and present the same to

the Airport Director for review. Any adjustments will be at the sole discretion of the City.

- 5) The right granted in the Article VI of the Original Agreement with respect to Concessionaire's use or construction of underground or aboveground storage tanks is explicitly repealed. Concessionaire shall not have right to use or construct any existing underground storage tank or aboveground storage tank following the effective date of this amendment.
- 6) Concessionaire must vacate the Service and Maintenance Facility Premises allocated under the Original Agreement for service and maintenance facilities at the Airport within two (2) weeks of written notification from the Airport Director. City will remove all improvements from the existing facilities and if remediation is required, the cost of any such remediation shall be the responsibility of the Concessionaire or entity that caused the requirement for remediation. City will consult with Concessionaire as to the scope of remediation services required; however, it is agreed that all remediation will be sufficient to meet or exceed and local, State, and/or Federal requirements. Concessionaire will be notified of the improvement removal process and will be given the opportunity to be present at the removal, testing and remediation upon the Premises. Upon completion of the remediation, any payment due shall be remitted to the City on the fifteenth (15th) of the month following invoice. If there is any property remaining after such date that must be disposed of by the demolition contractor at an additional expense, Concessionaire shall pay all costs for disposal if such property is not removed after ten (10) days' written notice by Airport Director to Concessionaire.
- 7) Article III Sections k, l, m and Exhibit C, of the Original Agreement are repealed upon effective date of this Amendment. Gasoline dispensed in accordance with the Terms of the Amendment at the Property shall be excluded from Article VI n of the Original Agreement.
- 8) All other terms and conditions of the previously executed Original Agreement between the parties which are not inconsistent herewith, shall apply to the use of the additional Property, and shall continue in full force and effect.

R. Parking Space Sales Tax:

Pursuant to Article III(j) of the Original Agreement, Concessionaire shall pay monthly rent to the City for allocated Parking Spaces. As of the Effective date of this Amendment, Concessionaire shall, in addition to paying rent on said allocated Parking Spaces, also pay the applicable sales tax per month for each parking space allotted to Concessionaire.

IN WITNESS WHEREOF, the parties hereto have themselves or through their duly authorized officers executed this Amendment, to be effective upon execution by the City Manager.

EXECUTED IN DUPLICATE ORIGINALS this ____ day of _____, 2013, by the authorized representative of the parties.

ATTEST: City of Corpus Christi, Texas

Armando Chapa
City Secretary

Ron Olson
City Manager

CONCESSIONAIRE: The Hertz Corporation, a Delaware corporation

By: _____
Name: Simon Ellis
Title: Staff Vice President,
Real Estate and Concessions
Date: 1/18/13



STATE OF NEW JERSEY
COUNTY OF BERGEN

This instrument was acknowledged before me on January 18, 2013, by Simon Ellis, as Staff Vice President, Real Estate and Concessions of The Hertz Corporation, a Delaware corporation, on behalf of said corporation.

Linda Dravin
Notary Public
LINDA DRAVIN
NOTARY PUBLIC OF NEW JERSEY
MY COMMISSION EXPIRES JAN. 24, 2014